

Montana Department of Public Health & Human Services	Section: Serving the Family
CHILD CARE	Subject: Corrections & Overpayments

Supersedes: **Child Care 6-9 (5/01/05)**

References: **37.80.315-316, 37.80.502 ARM**

General Rule If an error is made when determining eligibility or paying child care for authorized activities, rework the case making corrections, as it should have been managed had the error not occurred. The correction usually results in an underpayment or an overpayment. Once an error is identified, the CCR&R Eligibility Specialist shall research and pursue the entire correction.

Overpayments are evaluated to determine if a willful action resulted in the overpayment. In addition, in limited situations, overpayments due to agency error may not be pursued in limited circumstances identified below, under 'Agency Error.'

CCUBS does not interface with DPHHS Accounts Receivable. CCR&R Eligibility Specialists adjust CCUBS invoices and notify A/R of all overpayments, that are not completed through invoice reduction, with the electronic form, 'AR-110C Form.doc.'

Underpayments If a family or provider has not received the amount due to them, the CCR&R Eligibility Specialist may correct the invoice on CCUBS and issue the additional payment.

⇒ Case note the circumstances and the calculation of the underpayment

Penalties for a Willful Action If an overpayment is due to a willful action, the parent or provider is subject to an assessment. On the third offense, the parent or provider loses the right to participate in any of the Best Beginnings Child Care Programs.

When a provider or a parent receives child care assistance in excess of the amount to which the provider or parent is entitled due to a willful action of the provider or parent, the department may pursue criminal charges against the provider or parent. Criminal prosecution may be pursued in addition to recovery of the overpayment.

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A willful action includes but is not limited to the making of false or misleading statements, a misrepresentation, or the concealment or withholding of facts or information.

If a willful action is an overclaim, the following will occur:

The first willful overclaim (Strike 1) will result in:

- ☐ An assessment of 10% of the amount actually due being added to the amount of repayment due if an overpayment has already been made to the claimant;
- ☐ If an overclaim is discovered before payment is made, deduction of 10% of the amount due from the amount paid to the claimant; and
- ☐ If the provider is responsible, the loss of web invoicing privileges for six months and the imposition of the requirement that copies of sign-in/sign-out sheets must be submitted with invoices for the following three months.

The second willful overclaim (Strike 2) will result in:

- ☐ An assessment of 25% of the amount actually due being either added to the amount of repayment due to the department or deducted from the amount of payment due to the claimant, depending upon whether payment to the claimant has already been made;
- ☐ If the provider is responsible for the overclaim, the loss of web invoicing privileges permanently and imposition of the requirement that the provider must submit copies of sign-in/sign-out sheets with invoices for the following six months.

The third willful overclaim (Strike 3) will result in the household or provider responsible being ineligible to participate in the child care development fund child care assistance, grant, and quality child care programs for seven years.

The CCR&R should complete the IPV Tracking spreadsheet and e-mail it as an attachment to, HHSCCUBSPayments@mt.gov, when a parent or provider has been determined to have a 1st, 2nd or 3rd willful action.

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**Agency Error
Results in
Overpayment Sent
Directly to Parent**

In limited situations, when scholarship payments are sent directly to the parent and an agency error results in overpayment, the Department **does not collect an overpayment**. All of the following criteria must apply:

- ☐ Payment is made directly to the parent, not to the provider; and
- ☐ The Department or CCR&R error causes the overpayment; and
- ☐ The overpayment is less than 150% of the monthly benefit.

NOTE: If the overpayment period extends beyond three months and is over 150% of the monthly benefit, the recovery period shall be limited to three months.

⇒ When an overpayment meets the criteria for non-collection, the CCR&R Eligibility Specialist shall calculate the amount of the overpayment, case note, and e-mail the overpayment amount to the ECSB Fiscal Officer.

**Calculating an
Over Claim or an
Overpayment**

An adjustment is calculated by re-determining eligibility or attendance with the new information. The difference in the amount of child care scholarship issued under the error and the amount of child care scholarship which should have been issued, becomes the amount of the adjustment.

If the family loses eligibility, the period used to calculate the overpayment begins when the family first loses eligibility. All subsequent payments are subject to overpayment. Eligibility specialists cannot assume a participant might have reported periods of basic eligibility requirements (e.g. employment or unemployment) following the initial loss of eligibility.

EXAMPLE: A parent receives a Best Beginnings Child Care Scholarship in November while they are meeting the work requirement. The parent loses their job in December and does not report to the CCR&R. The gap in employment lasts more than ten days. The parent works in January and February, but not in March. In April, they are employed again. None of the employment changes are reported to the CCR&R until re-certification in May. The parent initially lost eligibility in December. The Best Beginnings Child Care Scholarship is subject to overpayment from December through

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May. The eligibility specialist may not assume the family was eligible for a child care scholarship had they reported the changes timely.

EXAMPLE: A woman applies for a Best Beginnings Child Care Scholarship, claiming the father is separated and not contributing to the family. Based on her income alone, she qualifies for a scholarship of \$300 per month. Two months later, it is determined that the father had been living with the family all along. His income would have made the family ineligible from the start. A \$600 overpayment has occurred over two months.

EXAMPLE: A man applies for Best Beginnings Child Care Scholarship and neglects to report receipt of a disability payment. The payment would have reduced his Best Beginnings Child Care Scholarship by \$75 per month. The oversight is discovered three months later. He accumulates a \$225 overpayment, which he elects to pay in four installments. He continues to be eligible for Best Beginnings Child Care Scholarship while he makes payments to DPHHS.

Creating Provider Overpayments

A provider overpayment may be created when an invoice is adjusted.

- ☐ Refer to the 'CCUBS Invoice Adjustment.doc' flow chart for help setting up provider overpayments.
- ☐ Subsequent payments are reduced to collect the overpayment.
 - ⇒ Make a case note regarding the overpayment.
 - ⇒ Determine whether the overpayment was made as a willful action and should have an additional penalty attached to it.
 - ⇒ If the provider will be making a direct payment, or is in-active in CCUBS, use the electronic form, 'AR-110C Form.doc', to notify Accounts Receivable of the overpayment.

NOTE: If the repayment is completed entirely through invoice adjustment(s), there is no need to use the electronic form, 'AR-110C Form.doc', to notify Accounts Receivable of the overpayment.

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NOTE: In an effort to avoid establishing duplicate payments, eligibility workers should NOT send copies of the AR-110 form when mailing payments. The eligibility specialist should send the payment with a memo from their agency that states the clients full account number, name of the client, and the worker's name who is mailing the payment.

Household Overpayments

A household overpayment may be created when an invoice is adjusted.

- ⇒ Make a case note regarding the overpayment.
- ⇒ Use the electronic form, ' AR-110C Form.doc', to notify Accounts Receivable of these overpayments.
- ⇒ CCR&R worker will credit repayments to the parent's account on the CCUBS Case Event Summary screen, Overpayments tab, and forward the repayment to DPHHS Accounts Receivable. At no time should checks be held at the CCR&R.

NOTE: The parent writes the payment out to the Montana Department of Public Health and Human Services (MT DPHHS).



A parent who is not making monthly payments on outstanding child care overpayments is not eligible for further child care assistance. Any parent who misses a payment as required by the terms of an overpayment repayment agreement or order and who does not become fully current in making all payments required under the agreement or order within the times described below will not be eligible to receive child care assistance until the parent has become fully current in making all payments required under the agreement or order, or unless the Department has agreed to modify the payment schedule under the repayment agreement or order.

First missed payment. Unless the Department has agreed to a modified repayment schedule, a parent will cease being eligible to receive child care assistance if the parent has not become fully current in making all required payments on or before the ninetieth (90th) day following of the first missed payment. The period of ineligibility will begin on the ninetieth day following the first missed payment and will end when the parent has become fully current in making all payments required under the repayment agreement or order.

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Second missed payment. Unless the Department has agreed to a modified repayment schedule, a parent will cease being eligible to receive child care assistance if the parent has not become fully current in making all required payments on or before the sixtieth (60th) day following of the second missed payment. The period of ineligibility will begin on the sixtieth day following the second missed payment and will end when the parent has become fully current in making all payments required under the repayment agreement or order.

Third missed payment. Unless the Department has agreed to a modified repayment schedule, a parent will cease being eligible to receive child care assistance if the parent has not become fully current in making all required payments on or before the thirtieth (30th) day following of the third missed payment. The period of ineligibility will begin on the thirtieth day following the third missed payment and will end when the parent has become fully current in making all payments required under the repayment agreement or order.

More than three missed payments. Unless the Department has agreed to a modified repayment schedule, a parent will cease being eligible to receive child care assistance when the parent has missed more than three payments, and the parent will not be eligible to receive further child care assistance until the parent has become fully current in making all payments required under the repayment agreement or order.

Inactive Overpayments

Inactive overpayments, where the provider or the household is not active on CCUBS, should be transferred to Accounts Receivable.

- ⇒ Make an effort to locate the current address of the inactive household or inactive provider.
- ⇒ Use the electronic form, ' AR-110C Form.doc ', to notify Accounts Receivable of these overpayments.

Negotiating a Repayment

Generally, a repayment period should not exceed one year. Suggested minimum repayment amount is 10% of the total repayment. If the total

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Amount

repayment is less than \$100, a minimum \$10 payment applies. If there is no response from attempts to negotiate a repayment agreement, enter the amount suggested. Additionally,

- ☐ notify ECSB of repayment agreements exceeding one year; and
- ☐ notify ECSB of overpayments totaling \$1,000 or more.

**Overpayment
Process**

1. Calculate the overpayment.
2. Determine whether the overpayment was a result of a willful action.
3. If the overpayment was a result of a willful action, assess and add the correct monetary penalty.
4. Contact the Parent or Provider to negotiate a repayment agreement:
⇒ Send a cover letter to the provider or parent explaining the following points:
 - Indicate the amount of the repayment.
 - Explain why the overpayment occurred.
- Suggest a repayment schedule (which will be used if the individual does not reply).
- Encourage the provider or parent to complete and return the enclosed Repayment Agreement form (DPHHS-HCS/CC-121) to the CCR&R.
- Repayment checks are made out to DPHHS.
- CCR&R worker will record the payment in CCUBS.
- Identify the payment as 'child care' and add the SSN, so A/R applies the payment correctly.
- Include a copy of the A/R-110C (with the first payment only).
- Repayments are delivered to the CCR&R who records the payment on CCUBS and forwards the payment on to DPHHS Fiscal.

DPHHS Fiscal – A/R
PO Box 4210
Helena, MT 59604-4210

5. Release the adjusted invoice(s) on CCUBS, and complete the overpayment screen information.

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6. Make a case note of the circumstances and the calculation of the overpayment.
7. Keep a file of all overpayment transactions.

**Accounts
Receivable**

DPHHS Accounts Receivable unit manages collections for the department:

1. A/R establishes a collection account using the information provided on the AR-110C form.
2. When payments are not received, A/R sends up to three collection letters.
3. When a balance remains, A/R forwards the account to the Department of Revenue Tax Offset system. Tax Offset monitors all State payments, in attempt to collect the debt. An account balance may be moved to Tax Offset at any time. All unpaid balances are forwarded to Tax Offset before tax season.

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Field	Accounts Receivable System Transaction Input Form (AR-110) Instructions
Date	This field should contain the date the form is being completed. (YYYYMMDD) e.g. 20030725
New Account	X = Yes , unless you know this specific overpayment account already exists on A/R.
Account	<p>This field contains the clients SSN# followed by the claim number (01, 02, etc.) after that is the county number in which the child care scholarship was received (07 for Cascade County, 25 for Lewis & Clark County, etc.) and the end is the Recovery Type and Category Code (BK).</p> <p>1st 9 digits - Tax ID number (SSN or Tax ID#)</p> <p>Next 2 Digits – 01 - Claim number (A/R will correct this if needed.)</p> <p>Next 2 Digits - County number</p> <p>Second to the Last Digit – B (A/R code) & Last Digit – K – (child care recovery)</p>
Name, Last & First	This field should contain the client's name with no punctuation.
Address City, State Zip	This field should contain the client's street address plus apartment number, etc. with no punctuation. Include Zip+4, if known.
CO	This field contains the county number contained in the account number.
Monthly Payment Due	This field should contain the amount the client is expected to pay each month.

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Frequency	M = Monthly
Letter	This field should contain X yes for letters to be sent when failing to make payments.
Tax Offset	This field should contain X yes to tax offset (Please note the client will be sent to tax offset ONLY if they fail to make payments and receive 3 letters).
CCUBS Case #	Used to enter payments made to A/R on the CCUBS system.
Agreement Start Date:	This field should contain the date the client is to begin repaying the overpayment. (YYYYMMDD)
Repayment Period Start Date: End Date:	This field should contain the dates of service that contributed to the overpayment. (YYYYMMDD)
A/R Amount	This field should contain the total amount of the overpayment. The plus sign you see beside this is for data entry purposes.
CCUBS Provider #	Used to enter payments made to A/R on CCUBS system.
CCR&R Eligibility Specialist Telephone	Enter the name and telephone number of the CCR&R Eligibility Specialist working with the provider overpayment.
Notes	Anything relevant to the collection process.